

ASSEMBLY BILL

No. 16

Introduced by Assembly Member Goldberg

February 20, 2003

An act to add Section 17206 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 16, as introduced, Goldberg. Personal income tax: deduction: qualified residence interest.

The Personal Income Tax Law, by reference to a specified federal statute, allows a deduction to a taxpayer of interest paid or accrued in connection with acquiring, constructing, or substantially improving a qualified residence of the taxpayer.

This bill would, for taxable years beginning on or after January 1, 2003, decrease the amount of this deduction allowable to an individual taxpayer from \$1,000,000 to \$500,000, and in the case of a married person filing separately, from \$500,000 to \$250,000.

This bill would result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of $\frac{2}{3}$ of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 17206 is added to the Revenue and
2 Taxation Code, to read:
3 17206. Section 163(h)(3)(B) of the Internal Revenue Code,
4 relating to a deduction of qualified residence interest, is modified,
5 for taxable years beginning on or after January 1, 2003, by
6 substituting five hundred thousand dollars (\$500,000) in lieu of
7 one million dollars (\$1,000,000) and by substituting two hundred
8 fifty thousand dollars (\$250,000) in lieu of five hundred thousand
9 dollars (\$500,000).
10 SEC. 2. This act provides for a tax levy within the meaning of
11 Article IV of the Constitution and shall go into immediate effect.

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